

Procedures for Management of Equipment Purchased with WIA or JTPA Funds

Definitions

A unit of property is defined as a single piece of equipment, except in the case where more than one piece of equipment is needed to make an entire system functional such as a computer or telephone system. For example, when purchasing a computer, the monitor, keyboard, printer, and hard drive are all to be considered as a component of the total system, with the total system defined as a unit of property. After initial acquisition of such a system, any component part upon replacement shall be considered as a single unit of property for that type of transaction.

1. **Expendable Property** means all tangible property other than non-expendable property with a unit acquisition cost of **less than \$5,000**.
2. **Non-expendable Property** is tangible property having an unit acquisition cost of **\$5,000 or more or total purchase cost exceeds \$10,000 including all costs related to the property's final intended use**. The LWIA, sub-grantee, sub-recipient and/or service providers may use its own definition provided that such definition includes all tangible non-expendable property covered under the above criteria.

Budget Plans

The Local Workforce Investment Area (LWIA) may submit a local area plan that includes an equipment request. The approval of the local area plan **DOES NOT** constitute approval of the equipment purchase. A signed WIA renewal contract with an Equipment Purchase form and schedule attached **DOES NOT** constitute approval of equipment purchases.

Cost Sharing Information

When an LWIA sub-grantee, sub-recipient, and/or service provider plans to enter into a "cost sharing" agreement for the lease/purchase of property with a per unit purchase price of \$5,000 or more, or total purchase cost exceeds \$10,000, they must obtain prior approval no matter what portion is to be charged to WIA funds.

Leasing Considerations

The decision to lease or buy tangible property must be governed by considerations of economy. Consideration may differ by property type and according to market conditions. The length of the contract period of the lease should also be considered. Leasing with an option to purchase is generally preferable to straight leasing.

Calculation of "Fair Market" Value

The selling price of an item that is sold through auction, advertisement, or a dealer is the fair market value of the item regardless of any prior estimates. An item that is not sold but retained by the LWIA, sub-grantee, sub-recipient and/or service provider has a fair market value based on similar items that are offered for sale, using the selling price if known. Methods for determining fair market value include, but are not limited to:

- Auctions
- Classified advertisements for similar used items
- Dealers
- Licensed appraisers

For automobiles, trucks, and vans, confirm the vehicle value utilizing a nationally approved and recognized appraisal source.

Property Records Retention:

All property records must be maintained from date of acquisition, through final disposition. LWIAs, sub-grantees, sub-recipients and/or service providers must also retain these records for a period of three years from the date of their last expenditure report. If any litigation, claim, negotiation or audit is started before the expiration of the three-year period, all records must be retained until all findings have been resolved and final action taken or until the end of the regular three-year period, whichever is later.

A. ACQUISITION OF EQUIPMENT

Purchase of Equipment Considerations

In order to satisfy Federal and State procurement requirements the following considerations must be made prior to requesting approval to charge WIA funds for the purchase of property with a per unit cost of \$5,000 or more.

- Is this purchase necessary and reasonable?
- Why is the purchase needed?
- Have the best products been selected?
- What procurement method will be used?
- Was a lease option considered in lieu of the purchase?
- What other costs are associated with the purchase?
- Is there a cost sharing agreement if multiple partners will share the cost of the purchase?

1. Leases/Purchases of Equipment with a Property Value Under \$5,000

The LWIA, sub-grantee, sub-recipient and/or service provider must establish written policy and tracking procedures for lease/purchase of expendable tangible property per WIA contract, local, county or tribal procurement guidelines. The LWIA, sub-grantee, sub-recipient and/or service provider may purchase any needed expendable property with a unit acquisition cost of less than \$5,000 without WIA prior approval.

2. Prior Approval Process for Leases/Purchases of Equipment with a Property Value Over \$5,000

Before allocating WIA funds for any non-expendable tangible property purchase (including software purchases) with a per unit cost of \$5,000 or more, or total purchase cost exceeds \$10,000, the LWIA, sub-grantee, sub-recipient and/or service provider must follow these procedures:

- a. Complete a "WIA Pre-Approval of Equipment & Vehicles Over \$5000 Questionnaire" that must be signed by the LWIA Director or Designee.
- b. The signed form must be forwarded to the EA/WIA Section, Fiscal Manager for review, approval or disapproval action.
- c. The EA/WIA Section, Fiscal Manager will make every effort to provide a prompt written response. **However, there will be no default approval if a response is not provided promptly.**
- d. When an approval decision is rendered, the EA/WIA Section Fiscal Manager will return the signed questionnaire to the LWIA Director. Upon receipt of the signed and approved questionnaire, WIA Title 1B funds may be used to purchase property.

- e. When a decline decision is rendered, the EA/WIA Section, Fiscal Manager will specify the reason for disapproval and return the signed questionnaire to the LWIA Director. The LWIA may appeal this decision to the EA/WIA Section Manager.
- f. Notify EA/WIA Section, Fiscal Manager within 30 days of acquisition of LWIA non-expendable property utilizing the Contractor's Equipment List (FES-1000A) and update WIA Inventory Equipment Database or other internal inventory system.

B. INVENTORY CONTROL

1. Inventory Records

LWIAs, sub-grantees, sub-recipients and/or service providers must maintain accurate inventory records of expendable leased/purchased (value \$250 to \$4,999.99), and non-expendable leased/ purchased equipment over \$5,000 with WIA or JTPA funds. Property records must include:

- a. Asset Number
- b. Item Description
- c. Manufacturer
- d. Serial Number
- e. Acquisition Date
- f. Physical Location
- g. Total Item Cost
- h. WIA Contract Cost
- i. Inventory Date.

A physical property inventory must be taken at least once every year to verify the existence, current utilization and continued need and reconciled with the WIA Inventory Equipment Database or internal inventory system. Adequate maintenance procedures must be implemented to keep the equipment in good condition.

2. WIA Inventory Equipment Database

Effective July 1, 2006, LWIAs, sub-grantees, sub-recipients and/or service providers are required to submit an electronic inventory data file for all property leased/purchased with WIA or JTPA funds costing more than \$250.00 to the EA/WIA Section, Fiscal Manager by August 1st of each year. If the LWIA, sub-grantee, sub-recipient and/or service provider is currently using an internal inventory software or database, the data file (tab or comma delimited) must match the following format with the field names as the first record:

Field Name	Field Type	Field Size
Asset Number	Text	12
Item Description	Text	35
Manufacturer	Text	50
Serial Number	Text	35
Acquisition date	Date	xx/xx/xx
Physical Location	Text	35
Item Cost	Number	10
WIA contract Cost	Number	10
User Name	Text	25
Disposition date	Date	xx/xx/xx

The Inventory Equipment Database will be posted on the WIA website at <http://www.azdes.gov/wia> by June 30, 2006.

C. LOST, DAMAGED OR STOLEN PROPERTY

Report stolen expendable (value over \$250) or non-expendable property to local law enforcement. A copy of the police report must be sent to the EA/WIA Section, Fiscal Manager within 10 working days. The police report must be retained and WIA Inventory Equipment Database or other internal inventory system annotated accordingly.

D. DISPOSITION

1. Transfer/Surplus of Equipment with a Property Value under \$5,000

For expendable tangible property with a purchase value of less than \$5,000, LWIAs, sub-grantees, sub-recipients and/or service providers may retain, sell or dispose of the property. If property is deemed worthless, documentation must be provided to establish this fact. Property may not be donated to another agency unless it is worthless. Value may be established by an appraiser. The Equipment Transfer/Surplus Request (J-320) disposition record must be kept for any transaction in accordance with EA/WIA Section record retention requirements and WIA Inventory Equipment Database or other internal inventory system annotated accordingly. The LWIA, sub-grantee, sub-recipient and/or service provider may sell the property and retain the proceeds for use in WIA programs or divided in accordance with terms of local agency cost sharing agreement.

2. Transfer/Surplus of Equipment over \$5,000 - Prior Approval Process

For non-expendable tangible property with a purchase value of \$5,000 or more, including software purchases with a per unit cost of \$5,000 or more, aggregate supplies with a fair market value of \$5,000 or more, LWIAs, sub-grantees, sub-recipients and/or service providers must follow these procedures:

- a. Submit Equipment Transfer/Surplus Request (J-320) form to EA/WIA Section, Fiscal Manager with documentation of calculation of fair market value.
- b. EA/WIA Section, Fiscal Manager will forward Equipment Transfer/Surplus Request (J-320) to Department of Labor (DOL) for approval to dispose or transfer equipment if necessary.
- c. EA/WIA Section, Fiscal Manager will send a copy of the decision authorizing or denying equipment disposal to the LWIA Director.
- d. Submit to the Arizona Department of Economic Security Equipment Services Unit Equipment Transfer/Surplus Request (J-320) with documentation authorizing disposal of equipment.
- e. Notify the EA/WIA Section, Fiscal Manager within 10 working days when equipment is no longer in the LWIA possession.
- f. Update the WIA Inventory Equipment Database or other internal inventory system accordingly.

If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the WIA program and the supplies are not needed for any other federally sponsored program, the LWIA, sub-grantee, sub-recipient and/or service provider shall retain the supplies for use on non-Federal sponsored activities or sell them, but in either case, must reimburse the state for the federal share. The amount of compensation is determined by multiplying the current fair market value or proceeds from the sale by the percent of WIA funds used in the

purchase. If only WIA funds were used for the purchase then the percentage would be 100 percent. If both WIA and local funds were used in the purchase, use the WIA funds percentage for the calculation. The balance of WIA Title 1B funds must be submitted within 30 days to the EA/WIA Section, Fiscal Manager. The name of the sub-recipient, year of appropriation, and funding stream must be provided when submitting the funds.

3. Trade-In or Sale of Property

When replacing equipment or a vehicle purchased in whole or part with WIA funds, the LWIA, sub-grantee, sub-recipient and/or service provider may use the equipment or vehicle as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property. If the original cost of the equipment or vehicle was over \$5,000, and will be used as a trade-in or sold and the current fair market value is less than 5,000, the LWIA, sub-grantee, sub-recipient and/or service provider must notify the EA/WIA Section, Fiscal Manager in writing and provide a calculation of fair market value before trading-in or selling the equipment or vehicle. (Example: Vehicle was purchased in 2000 for \$14,900. Current fair market value is \$4,750). The EA/WIA Section, Fiscal Manager will review the request and provide a prompt written response. Update the WIA Inventory Equipment Database or other internal inventory system accordingly.

4. Transfer/Sale of Property

The LWIA, sub-grantee, sub-recipient and/or service provider may use the WIA equipment in the program for which it was acquired as long as needed, whether or not the program continues to be supported by Federal funds and shall not encumber the property without approval of the EA/WIA Section, Fiscal Manager. If the equipment is no longer needed by the WIA program, the equipment may be used in other federally funded activities in the following priority:

- a. Activities sponsored by the DOL agency which funded the original project, then
- b. Activities sponsored by other Federal awarding agencies.

For equipment with a current per unit fair market value of \$5,000 or more, the LWIA, sub-grantee, sub-recipient and/or service provider may retain the equipment for other uses provided that compensation is made to the state for the WIA share of the equipment. The amount of compensation is determined by multiplying the current fair market value or proceeds from the sale by the percent of WIA funds used in the purchase. If only WIA funds were used for the purchase then the percentage would be 100 percent. If both WIA and local funds were used in the purchase, then use the WIA funds percentage for the calculation. The balance of WIA Title 1B funds must be submitted within 30 days to the EA/WIA Section, Fiscal Manager. The name of the sub-recipient, year of appropriation, and WIA program funding stream must be provided when submitting the funds. Update the WIA Inventory Equipment Database or other inventory system accordingly.

The following chart describes the state's responsibilities, as well as the responsibilities of each LWIA in the acquisition, tracking, and disposal of property as required under WIA.

Roles & Responsibilities

STATE Employment Administration – WIA Section	LOCAL WORKFORCE INVESTMENT AREA	
A. ACQUISITION OF EQUIPMENT:	A. ACQUISITION OF EQUIPMENT:	
	Cost Under \$5,000	Cost \$5,000 + Over
	1. Establish written and tracking procedures for purchases of expendable property per WIA contract, local, county or tribal procurement guidelines.	1. Complete WIA Pre-Approval of Equipment & Vehicles over \$5000 Questionnaire before leasing/purchasing non-expendable property with a unit acquisition cost of \$5,000 or more, or total purchase cost exceeds \$10,000.
2. Review, approve/decline all WIA Pre-Approval of Equipment & Vehicles over \$5000 requests for non-expendable property. Provide a prompt written response to LWIA Director. NOTE: There will be no default approval if a response is not provided promptly.	2. May purchase any needed expendable property with a unit acquisition cost of less than \$5,000 without WIA prior approval.	2. Send completed, signed WIA Pre-Approval of Equipment & Vehicles over \$5000 Questionnaire to the EA/WIA Section, Fiscal Manager for review.
		3. If approved, purchase non-expendable equipment. If declined, may appeal decision to EA/WIA Section Manager.
		4. Notify EA/WIA Section, Fiscal Manager within 30 days of acquisition of non-expendable property utilizing the Contractor's Equipment List (FES-1000A). Update WIA Inventory Equipment Database or other internal inventory system.
B. INVENTORY CONTROL	B. INVENTORY CONTROL	
	Cost Under \$5,000	Cost \$5,000 + Over
1. Maintain an inventory of all expendable (value over \$250) and non-expendable property (i.e., \$5,000 or more) purchased by LWIAs.	1. By August 1 st of each year, submit the completed WIA Inventory Equipment Database for all leased/purchased property with WIA or JTPA funds costing more than \$250 to the EA/WIA Section, Fiscal Manager. Note: Technical assistance provided if necessary. By August 1 st of each year, require sub-recipients and/or service providers to submit an inventory equipment list for all leased/purchased property with WIA funds costing more than \$250. Retain hard copies of sub-recipient and/or service provider inventory lists in respective files. This is effective July 1, 2006.	
2. Compare WIA Pre-Approval of Equipment & Vehicles over \$5000 Questionnaire to the DES Contractor's Equipment List (FES-1000A).	2. For expendable property with a value of \$250 to \$4,999.99, include on WIA Inventory Equipment Database or internal inventory system.	2. When there are several components of a system, the unit acquisition cost is the cost of the total system (the sum of the components). When the unit acquisition cost is \$5,000 or more and has a useful life of more than two (2) years, all components of that system must be included in the inventory and be identified with a State tag.
3. Perform on-site property reviews once a year to determine that non-expendable property is appropriately tagged and that state and local property management procedures are established and being followed.	3. Property records of expendable personal property must include: (a) Asset Number (b) Item Description (c) Manufacturer (d) Serial Number (e) Acquisition Date (f) Physical Location (g) Total Item Cost (h) WIA Contract Cost (i) Inventory Date.	3. Property records of all non-expendable personal property must include: (a) Asset Number (b) Item Description (c) Manufacturer (d) Serial Number (e) Acquisition Date (f) Physical Location (g) Total Item Cost (h) WIA Contract Cost (i) Inventory Date.
		4. Conduct inventories of property at least annually to verify the existence, current utilization and continued need for property, and reconcile inventory to WIA Inventory Equipment Database or internal inventory system.
	5. Maintain a property management process to keep the property in good condition.	

Roles & Responsibilities

STATE Employment Administration – WIA Section	LOCAL WORKFORCE INVESTMENT AREA	
	C. LOST, DAMAGED OR STOLEN PROPERTY	
C. LOST, DAMAGED OR STOLEN PROPERTY	Cost Under \$5,000	Cost \$5,000 + Over
1. Direct LWIAs regarding property management procedures as outlined in GL#09-06.	1. Report stolen expendable (value over \$250) personal property to local law enforcement. A police report must be retained and WIA Inventory Equipment Database or other internal inventory system annotated accordingly.	1. Report stolen non-expendable personal property to local law enforcement. A police report must be retained and WIA Inventory Equipment Database or other internal inventory system annotated accordingly.
		2. Notify EA/WIA Section, Fiscal Manager in writing of the loss, damage, or theft, of property within 10 working days including a copy of the police report.
D. DISPOSITION OF PROPERTY:	D. DISPOSITION OF PROPERTY:	
	Surplus/Transfer Expendable Personal Property	Surplus/Transfer Non-Expendable Personal Property
1. Direct LWIAs regarding the disposition of property as outlined in GL # 09-06 with an acquisition cost of more or less than \$5,000.	1. For expendable tangible property with a purchase value of less than \$5,000, may retain, sell or dispose of the property.	1. Submit Equipment Transfer/Surplus Request (J-320) form for approval to EA/WIA Section, Fiscal Manager with documentation of calculation of the fair market value.
2. Review, approve/decline requests for disposition of equipment and vehicles over \$5,000 for non-expendable property. Provide written copy of decision to LWIA Director. NOTE: There will be no default approval if a response is not provided promptly.	2. If property is deemed worthless, documentation needs to be provided to establish this fact. Property may not be donated to another agency unless it is worthless. Value may be established by an appraiser. Any written documentation must be maintained in accordance with record retention requirements.	2. When approved, submit to the Arizona Department of Economic Security Equipment Services Unit Equipment Transfer/Surplus Request (J-320) with documentation authorizing disposal of equipment.
3. Reconcile with the WIA Inventory Equipment Database.	3. May sell the property and retain the proceeds for use in WIA programs as required by or divided in accordance with terms of inter-local agency agreements.	3. Notify the EA/WIA Section, Fiscal Manager within 10 working days when equipment is no longer in the LWIA possession.
	4. The Equipment Transfer/surplus Request (J-320) disposition record must be kept for any transaction (value over \$250) and WIA Inventory Equipment Database or other internal inventory system annotated accordingly.	4. Reconcile with the WIA Inventory Equipment Database or internal inventory system.
D. DISPOSITION OF PROPERTY:	Trade-in or Sale of Expendable Personal Property	Trade-in or Sale of Non-Expendable Personal Property
1. Review request for trade-in or sale of property. Provide a prompt written reply.	1. For property with a purchase value of less than \$5,000, may sell or trade-in property without WIA approval.	1. Notify EA/WIA Section, Fiscal Manager in writing and provide calculation of fair market value before trading-in or selling equipment or vehicle.
2. Reconcile with the WIA Inventory Equipment Database.	2. If value is \$250 or more, reconcile with the WIA Inventory Equipment Database or internal inventory system.	2. Reconcile with the WIA Inventory Equipment Database or internal inventory system.
	3. May retain the proceeds for use in WIA programs as required by or divided in accordance with terms of inter-local agency agreements.	3. Submit to the EA/WIA Section, Fiscal Manager the proceeds of any sale within 30 days if not used to offset the cost of the replacement property.